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The Functions of Central Banks

By Professor Gustav Cassel

IT is a natural thing that an arbitrary increase in the volume of a country's currency should have a tendency to enhance commodity prices. Indeed, if only the country is supplied with means of payment to a sufficient amount, the general level of commodity prices may be raised to any height. This truth has been sufficiently demonstrated by a long series of experiences recorded by economic history. Still in every fresh case public opinion is inclined to take the view that a general rise in commodity prices is caused by external factors of all kinds and that no responsibility lies with the increase of the currency. No doubt, however, should be left in the minds of the present generation who have seen prices in some countries advance to astronomic figures, as to the effect of an arbitrary increase in the supply of means of payment, and it also seems now to be universally recognised that a central bank, by supplying superabundant means of payment in the form of notes or deposits, may cause the general level of commodity prices to rise to any height.

It seems then only an inevitable logical consequence that there must be at any particular moment a supply of means of payment that is just sufficient for keeping the general level of commodity prices unaltered. Indeed, it is a natural conclusion that, by sufficiently restricting its supply of means of payment a central bank could cause the general level of commodity prices to fall. In fact, the deflation which has actually taken place in some countries—among them particularly Great Britain—proves that even such a result may be attained by a deliberate regulation of the supply of means of payment. Nevertheless,

when we draw the conclusion that a central bank should be able by a suitable regulation of its supply of means of payment to stabilize the general level of commodity prices at a certain height, we still have to reckon with much opposition.

Of course, it is difficult to reject the conclusion on grounds of economic theory. The opposition is supported by a great many writers of financial articles possessing much technical knowledge and greatly influencing public opinion. These writers always look out for other factors that may cause particular movements of some prices, but they fail to take the comprehensive view of the process of price fixing that is necessary in order to isolate the monetary factor and to ascertain its effect. Another group of opponents is formed by the central banks themselves, who are naturally rather disinclined to take upon themselves the great responsibility that an unreserved acknowledgment of their actual power would imply.

Fortunately, long practical experience affords an absolutely decisive proof of the possibility for a central bank to regulate its supply of means of payment so as to secure a definite purchasing power for its currency. This experience is the fact that a great number of countries have been able for many decades to maintain the gold standard. It is obviously impossible for a particular country to keep its currency at a certain parity with gold if that currency does not possess a purchasing power against commodities corresponding to that of gold. Now, the purchasing power of gold in terms of commodities has, as everybody knows, undergone great fluctuations. This variability in the purchasing power of gold has of course made the task of maintaining the gold standard more difficult, but it is nevertheless a fact that central banks in a great many countries have succeeded in so regulating the purchasing power of their currencies that it has been kept continually on the same level as that of gold. The task would of course have been much easier if the purchasing power of gold had remained absolutely constant, but in such a case the central banks would have had to face the very task of so regulating their supply of means of payment as to keep the purchasing power of their currency invariable. To deny this possibility therefore is simply to deny the possibility of the gold standard. If, in the present situation, the United States were to succeed in keeping their general level of prices constant, all other central banks would simply have to follow the same course. It would be impossible for them to keep their currency in parity

with the dollar if they failed to secure for their currencies an invariable purchasing power against commodities. People who deny that this is possible would probably become a little hesitant if they found themselves bound to accept the practical conclusion that the rest of the world would be unable to adhere to the gold standard if the United States succeeded in stabilizing the value of gold.

Ever since the war a growing scarcity of gold has threatened the world with the consequence of a continuous lowering of commodity prices, resulting in a general economic depression. The amount of new gold required to be provided each year for the purchasing power of gold to be maintained at a constant level increases in proportion to the rapid economic progress of the world, whereas an already insufficient production is expected to be reduced very considerably during the next two decades. The only conceivable means of preventing this calamity is a systematic reduction of the monetary demand for gold.

The gold-economizing policy that I have advocated ever since 1920 contains two factors. Firstly, the use of gold coins as a circulating medium should be abandoned. The introduction of the new British currency not redeemable in gold coins, and India's abandonment of the idea of putting gold coins into circulation, are the chief features that mark the success of this policy. The second measure for securing economy in the use of gold consists in a reduction of the central banks' requirements of gold reserves. The Genoa conference in 1922 recommended the co-operation of the central banks for this purpose and a certain concentration of gold reserves in some leading financial centres. Under the leadership of the Bank of England this policy has undeniably attained very valuable results and it seems quite certain that without such deliberate efforts the present situation would have proved very much more troublesome.

The gold-economizing policy is, however, particularly dependent upon the attitude of the United States, both as a great creditor country and as possessor of the largest stock of gold in the world. That country has a very strong influence on the value of gold. To a certain extent it is independent of gold movements, being able to accept gold without letting it swell the volume of the currency and to export gold without thereby reducing this volume. Thus, the United States may—within certain limits—determine the value of the dollar independently. The value of gold is then automatically adjusted to that of the

dollar. In such a situation a central bank cannot limit itself to the usual function of keeping the currency in parity with gold. It has necessarily to face another problem, namely, that of using the influence it has on the monetary demand for gold for stabilizing as far as possible the purchasing power of that metal. Of course the Federal Reserve System must seek the co-operation of other central banks in this policy. As I put it in my evidence to the House Committee on Dollar Stabilization in Washington, 1928, the Federal Reserve System should " use the influence it may have upon the value of gold, in co-operation with other central banks to prevent unnecessary fluctuations in that value."

Such a programme has always to reckon with much opposition. Many people do not like to have " a managed currency." They fancy that it should be possible for the world to return to a " natural state of things," where the value of gold was determined by general market conditions and not subjected to the influence of any deliberate policy. People also oppose the idea of co-operation with other central banks, believing that national independence in monetary policy could be secured by isolated action. These ideas are, however, hopelessly irreconcilable with present realities. The gold policy of the leading countries has a very material influence on the value of gold, and once this fact is recognized this value will always in some way be " managed." The only question is whether it shall be managed in a rational or an irrational way. A rational management is possible only under an enlightened restriction of the monetary demand for gold. In these affairs there is no " natural state of things " and no national independence. The only alternative to co-operation is a reckless competition for gold, in which every country tries to secure to itself as much gold as possible, with the result that the scarcity of gold is aggravated in the most unnecessary way and all countries have to suffer from a depression of prices.

If stability of the value of gold is recognized as an aim for monetary policy the question arises as to what measure should be chosen to obtain this stability. The answer can only be that it is simplest and most practical to adhere to the measure already commonly adopted, namely, the stability of the general level of wholesale prices of commodities. Fairly reliable indices of this level are already published in a number of countries. Of course, there is always some arbitrariness in choosing such an index number as a measure of the purchasing power of gold, but this

is a matter of quite subordinate importance. If the world really succeeded in stabilizing the value of gold and thereby the purchasing power of every gold standard unit so as to keep invariable anyone of the recognized English or American index numbers for wholseale prices, the world would possess a monetary system so infinitely superior to anything it has ever seen before that it could safely regard this problem as solved and proceed to develop its economic forces on the solid monetary foundation thus laid.

It is sometimes suggested that the price index should include prices of securities as quoted on the stock exchanges, and even wages. This idea must be refuted. Security prices represent a capitalization of current incomes on the basis of a variable rate of interest. To include such prices in our index of monetary stability seems to involve an insuperable theoretical complication of the problem and has certainly no practical advantages. Wages, on the other hand, should normally rise in a progressive society where the general level of commodity prices is kept constant. It would certainly be very unwise to direct the efforts of the central banks towards a struggle against this natural and fortunate tendency.

A great question presents itself as soon as we have chosen the stability of the general level of commodity prices as the aim of monetary policy : what means has a central bank for regulating the purchasing power of its currency? The answer is that a central bank has so to regulate its rate of discount that it will at any moment correspond to the actual situation of the capital market of the country. If the bank rate is kept lower than would be required by this criterion, the market will go to the bank for obtaining additional capital over and above what can be supplied out of current savings. Thus, an artificial purchasing power is created, with the consequence of an inflation of the currency. The reverse takes place if the bank rate is kept too high. Real savings will then be used to repay bank advances, with the result of a restriction in the supply of means of payment, that is to say, deflation. Both these faults can be avoided by keeping the bank rate at a height truly corresponding to the actual situation of the country's capital market. This discount policy may be made more effective by such selling or buying of securities on the open market as is the practice of some leading central banks.

The effectiveness of the discount policy here outlined is

safely established by more than one hundred years of experience, and can in no way be discredited by arguments referring to a supposed " inadequacy of the Quantity Theory of Money." The objections to this theory are mostly due to inadequate formulations of the theory and based on very unreliable statistical material. The whole struggle is irrelevant in connection with a question the theoretical basis of which is so clear, as has been shown here, and of which we possess practical proof of such singular reliability.

A central bank should never be expected to do anything more than fulfil the functions now defined. Such functions as that of " stabilizing production " or " satisfying the needs of business," are far too indeterminate to be used as terms of reference for the management of a central bank. If the central bank succeeds in keeping the currency of a country at its due parity of gold, and if by co-operation of all central banks the value of gold is kept stable, all will have been done that can be done from the monetary side in order to avoid unnecessary fluctuations in the development of production. Again, the needs of business should never be satisfied to any arbitrary extent, and they will be satisfied precisely to the right extent as soon as the currency is managed according to the programme here outlined.

The widespread idea that a central bank ought to control the stock exchanges and suppress any tendency to excessive speculation is a mistake that may easily lead the management of the currency along false lines. The seriousness of this danger has been proved by American experience during the last few months. After having raised its rates of discount to unusually high levels in order to combat the New York Stock Exchange speculation, the Federal Reserve System was too slow in reducing these rates when in the autumn the slackening in the rate of industrial progress reduced the stringency of the capital market. The consequence of this unneccessary restriction of the supply of means of payment was that the general level of commodity prices, as measured by Professor Fisher's index number, was forced down from 149—the average figure for 1928 and for July, 1929—to about 140 at the end of 1929. The economic depression against which America is now struggling is mainly a result of this lowering of the commodity price level. Had the Federal Reserve System persistently adhered to the programme of keeping the general level of commodity prices constant, the

breakdown of stock exchange speculation would never have been able to cause any really serious disturbance to the production and trade of the country, which, according to the most reliable reports, were in a quite sound situation.

During the past year the stability of the world's price level has also been threatened by the eagerness of some central banks to increase their gold reserves. The Bank of France has accumulated a gold reserve far beyond any sum for which it could under any conceivable circumstances have a practical need. By such action international competition for gold will be gradually intensified and the value of gold correspondingly increased, that is to say, the world's level of commodity prices will be forced down. The international gold market is at the same time exposed to incalculable claims arising out of the enormous foreign exchange holdings that certain central banks, and particularly the Bank of France, have accumulated. It is no doubt a sound policy for a central bank to keep a certain reserve of exchange on leading financial centres, but these reserves should never exceed what is practically needed to meet the demands that may arise. If they are larger they become a menace to international finance and to the stability of the world's price level. It is urgently to be desired that a substantial reduction of the present holdings of foreign exchange should take place. Countries with a large surplus in their balance of payments should return as soon as possible to the old custom of regularly investing such surpluses in long-term investments abroad. For Paris this is of course the true way of recovering its old position as an important financial centre of the world.

As is seen from these observations, developments during the past year have not been favourable for the monetary policy whose sole aim is to secure to the world price-level the greatest possible stability. The fall in American prices enforces a corresponding lowering of European price-levels. Economic depression is thereby spread over the whole world and over almost all lines of trade. Agriculture becomes particularly affected, because ever since the war agricultural products have shown a tendency to fall in price relatively to industrial products. Under the pressure of falling prices unemployment shows a tendency to grow. All forms of protection and other ill-advised measures are resorted to in order to combat the evil effects of the depression and unavoidably tend to aggravate the business situation for the world as a whole. It will of course be said that

the central banks are in no way responsible for this unfortunate development, and all sorts of "other causes" will be brought forward to hide the deficiencies of the monetary policy. Nevertheless, it is certain that a better insight into the duties of central banks and a fuller acknowledgment of their true responsibility would have to a great extent prevented the economic depression which we are now witnessing and which we shall endeavour in vain to overcome until we secure for the world the fundamental conditions of stable money.

The Economic Advisory Council

ON 23rd January the Prime Minister announced in the House of Commons that the Government had decided to establish an Economic Advisory Council, and four days later a White Paper was issued, giving further details. According to this document, its purpose is to advise the Government in economic matters, and to make continuous study of developments in trade and industry and in the use of national and imperial resources, of the effects of legislation and fiscal policy at home and abroad, and of all aspects of national, imperial and international economy with a bearing on the prosperity of the country. It will take over and expand the functions of the existing Committee of Civil Research, it will keep in close touch with Government Departments affected by its work, but will not interfere with Ministers or their Departments or have any administrative or executive powers.

Its chairman will be the Prime Minister, and other members will include the Chancellor of the Exchequer, the Lord Privy Seal (while the present duties are attached to that office), the President of the Board of Trade and the Minister of Agriculture. Apart from these apparently *ex officio* members, the Council will consist of such other Ministers as the Prime Minister may from time to time summon, and other persons chosen in virtue of their special knowledge and experience in industry and economics. The names of members outside the Government were announced on 12th February. The Council will possess its own staff, and according to the subsequent announcement of 12th February, this includes two economists and one statistician, all of whom are well known in their own circles and come from outside the ranks of the Civil Service. It is possible that a second statistician will be appointed. Subject to the approval of the Prime Minister,

the Council is given a free hand as regards the work it may initiate, the field it may cover, and the outside assistance and information it may solicit.

Though there is nothing fundamentally new in the conception of this body—for in addition to the existing Committee of Civil Research, the idea was to be found in the 1929 election programmes of both the Liberal and Labour parties—the institution of the Economic Advisory Council represents a new departure in the machinery of the Government of the Nation. The time-honoured practice has been for Ministers to take advice and information from the permanent officials of their departments, and then to come together at Cabinet meetings and formulate their policy. Henceforward, the Cabinet as a corporate body is to receive the advice of a body of men, many of whom have no direct contact with the Government, Parliament or the Civil Service. These will be served by a staff consisting largely of specialists, who will be free from the traditions, customs, routine and indeed the whole spirit of the Civil Service.

The constitution of the new Committee, with its attendant staff, has had a mixed reception. Criticism has centred upon the drawback of swelling the number of Government departments still further, and upon the real danger of increasing departmental delays and circumlocution which are already deplorable features of public administration. Constant vigilance must be exercised to guard against these insidious evils.

In judging the wisdom and probable outcome of this experiment, regard must also be had to its two different aspects, namely that of the Council itself and that of its staff. Considering the Council first, there is much to be said in favour of the Government having a body of this kind to advise them, and it is conceivable that had such a body existed in the past, much rash and ill-conceived legislation would never have reached the Statute Book. At the same time there are obvious weaknesses and dangers. The chief of these is the fact that many of the men whose appointment to the Council would be desirable are men whose time is already filled, who have duties and commitments which they are unwilling or unable to abandon and which would be inconsistent with their membership of the Council, and who already possess their own definite views upon many of the controversial questions which the Council would be expected to investigate in an impartial manner. There is thus a danger

that those whose appointment would be most suitable, have found themselves unable to serve, and in actual fact the list announced by the Prime Minister contains one or two obvious gaps. Another danger is that the engagements of members of the Council may make it impossible for the Council to meet as often as would be desirable. Clearly a body of this kind, if it is to be of any use, must keep in continual touch with the Cabinet, and meetings once a quarter or even once a month would be too infrequent for this purpose.

The functions of the staff are quite a different matter, and one which possesses much greater possibilities for good. The staff is to be small and expert, is to be free from existing Civil Service routine and limitations, and it is to be hoped will be empowered to initiate its own creative work. Thus its members should be able to investigate, scientifically and impartially, economic questions of the day in advance of instructions given it by the Cabinet and the Council, and to prepare memoranda to be submitted to either of these bodies, or even if authorised to such other bodies as the Imperial Conference. They could examine in the same spirit such intricate questions as monetary policy, the export of British capital or even the fiscal question and Imperial Preference. Looking back over a long period, the sphere in which our foreign policy has been uninspired is that of economic knowledge. In fact the upbringing of a diplomatist has not included any training in this science, which to-day, even more than in the past, dominates international relations.

It is no reflection upon the deservedly high reputation of the Civil Service to add that this is work which would be better performed by people coming to it with a definitely specialist training, with fresh ideas, and with a freedom from the enervating routine of departmental life. A further point is that the staff of the Council are men whose previous life has gained for them a far greater number of contacts with the outside world of business and finance than is enjoyed by the average Civil Servant of comparable standing. This last point is of the utmost importance, for if the Council is to succeed in its object, its staff must be able to obtain all the economic and statistical data that it needs, and to obtain such data its members must win the confidence and friendship of those able to supply it. On this basis they can obtain a whole host of information, which its owners rightly regard as confidential, but which equally is essential to the success of the Council.

Notes of the Month

The Money Market.—Despite the beginnings of the seasonal influx of taxes and the payment of the final call on the new Conversion Loan, money at the end of January was unusually abundant. The money released by the Government through the repayment of £15,400,000 of maturing Exchequer bonds was one cause, but a potent influence was the prevailing inactivity on the Stock Exchange which meant that brokers and jobbers were borrowing far less short money than usual from the banks. Discount rates were absurdly low, for with Bank rate still at 5 per cent, three months' bills were quoted as low as $3\frac{7}{8}$ per cent, or below the rate of 4 per cent then quoted by the banks for weekly loans to the money market. The consequence was that brokers were at the moment operating at a loss, but a keen Continental demand for bills and the reduction, by £15,000,000 each week, in the volume of outstanding Treasury bills, prevented discount rates from rising to a more reasonable relationship with other rates. Finally, the dollar exchange was moving against the pound, while the franc and the mark exchanges were low enough to prevent the Bank from getting the new gold in the market without having to bid for it, and so a reduction in Bank rate seemed out of the question.

Such an anomalous situation clearly could not persist, but fortunately the first half of February saw it brought abruptly to an end. The main cause of the sudden change in the situation was that reductions in the discount rates of the Bank of France and of the Reichsbank and an improvement in sterling against the franc enabled the Bank of England to reduce its own rate on February 6th from 5 to $4\frac{1}{2}$ per cent. At the same time the influx of revenue at last began to tell upon the market, and there was a sudden disappearance of money which had been collected in taxation, so much so that on February 6th the market had to borrow at the Bank. Later in the month money again became easier, and despite the reduction in Bank rate, the three months' discount rate remained at $3\frac{7}{8}$ per cent. Thus the margin between discount rate and Bank rate was for a time reduced to a more reasonable size. The last few days, however, witnessed a further fall in discount rates with some hopes of a lower Bank rate.

Foreign Exchanges.—Some interesting movements were witnessed during the past month. The dollar which by the end

of last year had risen to the higher gold point, has since improved in value, and during February the rate fell to under par. This appreciation may be due partly to preparations for debt payments by one of the European debtor governments, partly to maturities of cotton or grain bills drawn against autumn shipments, and partly, so it is suggested, to some purchases of sound low-priced American securities by European investors.

Another important movement was the appreciation of sterling against the franc from the export gold point of Frs. 123·90 to above par (Frs. 124·21). The reduction in the Bank of France's discount rate to 3 per cent on January 30th was in reality an intimation that French interests should increase their loans abroad. The response took the form of French lending to Germany, and as the exchange was as usual bought through London, it explains not only the rise in the French exchange, but also the simultaneous fall in the pound against the mark to the point where Germany could and did buy gold in London. At the end of the month there were also some small direct shipments of gold from France to Germany.

Political developments in Spain and gold shipments by the Bank of Spain to London exercised contrary influences on the peseta, which has been very erratic. Argentine pesos weakened slightly towards the end of the month. Some of the gold sent to London last year has since been "set aside" at the Bank under "earmark," so as to make it under Argentine law eligible as part of the basis of the Argentine note issue. Hence the Bank of England has lost the benefit of this gold.

The Stock Exchange.—The past few weeks witnessed a slight revival of interest in high-class investment stocks, mainly those within the Trustee category. The reduction of Bank rate to 4½ per cent on February 6th gave a stimulus to the gilt-edged market, and this improvement encouraged the appearance of some new issues of a trustee character, including the Brighton, Hastings and Hull Corporation loans, and the short-term Indian loan of £6,000,000 6 per cent bonds, issued at 99 and repayable at 101 in 1932 or 1933 at the borrower's option. This last issue proved extremely attractive, especially to the money market, and was heavily over-subscribed. Later in the month came issues of £2,000,000 Metropolitan Railway 3½ per cent A Debentures at 65½ and a Nigerian Government 5 per cent loan for £4,650,000, issued at 99, and repayable in 1950–60, at the borrower's option. The Metropolitan issue was over-subscribed, but the Nigerian

loan was less successful. Finally, the Government has announced the issue of a new block of 4½ per cent 1940–44 Conversion Loan, either in exchange for the 5½ per cent Treasury Bonds (1930) maturing next May at the rate of £105 10s. new loan for £100 bonds, or at a cash price of £95.

The market in industrial shares and in speculative issues generally remains inactive. The Hatry settlement passed off easily, but operators have still to recover their confidence after the set-backs of last year. This is the normal experience after every big slump, and a revival must not be expected at present. Additional factors of an adverse character are a general dissatisfaction in stock exchange circles with the present course of trade and acute apprehensions as to the nature of the forthcoming budget. Whether or not such fears are justified, it seems useless to look for a recovery until after the budget has appeared. Although the home railway dividends announced early in February were better than those of last year, prices receded on their announcement. The probable reason was that some sales had been held up until the dividends were known.

January Overseas Trade.—The following table gives the salient features of the January trade returns :—

	January, 1929.	January, 1930.	Increase (+) or Decrease (−).
	£ mill.	£ mill.	£ mill.
Total Imports	116·5	101·9	−14·6
Retained Imports	106·7	93·7	−13·0
Raw Material Imports	39·1	30·1	− 9·0
Total Exports, British goods	66·9	58·2	− 8·7
Coal Exports	3·5	4·7	+ 1·2
Manufactured Goods, Exports	53·8	44·7	− 9·1
Re-exports	9·8	8·2	− 1·6
Total Exports	76·7	66·4	−10·3
Visible Trade Balance	−39·8	−35·5	− 4·3

At first sight these results are extremely discouraging, but they are subject to qualification in two important respects. The first is that all the figures represent ' value ' and not ' volume ' and so in interpreting them allowance must be made for the intervening fall in commodity prices. This amounts to between five and ten per cent, and so accounts for much of the apparent decline in our foreign trade. The other point to be noticed is that January, 1929,

was an abnormally good month for the year. Allowing for these facts, the January, 1930, figures do not show up too badly, while those for coal exports alone are distinctly encouraging.

The National Accounts.—The revenue returns to the middle of February were not over-reassuring. By the corresponding date of last year, £600,000,000 had been collected, equivalent to 80 per cent of the original estimate of £753,000,000 and to 79 per cent of the final yield of £758,000,000. This year only £578,000,000 had been received, which on last year's basis of 79 per cent postulates a final yield of £731,000,000, against the current year's estimate of £746,000,000. Unless, therefore, the process of collection is hastened during the final weeks of the financial year, the Chancellor bids fair to be some £16,000,000 short. Expenditure is working out much the same as last year, when the original estimates were slightly exceeded, so that little relief can be looked for here. Unless the situation changes during March, it seems likely that the Chancellor's budget problems will be intensified.

Home Reports

The Industrial Situation

To judge from the tenor of current trade reports, there is unfortunately little doubt that to-day there is a lack of confidence in business circles, which has reached the point where it is restricting trade. The unemployment returns for the end of January last give a total figure of 1,534,000, or 12·6 per cent of insured workers. The corresponding figures for January, 1929, were 1,434,000 and 12·2 per cent, so that the position has worsened by 100,000. Even allowing for intervening administrative changes which may have had the effect of extending the scope of the returns, the situation is clearly a serious one.

It is difficult to escape the conclusion that British industry has experienced a definite set-back. In part, this is a world-wide movement, for the financial cataclysms of last autumn and the over-production of commodities that occurred last year have been the joint cause of a general fall in commodity prices and recession in business activity. Unfortunately, a comparison of the reports of home industries given in the following pages

with those from foreign countries suggests that the set-back has gone further in Great Britain. The causes of this adverse movement are admittedly a matter of political controversy, but it seems necessary to point to budget uncertainties and to the heavy burden of taxation in comparison with other countries as being contributory factors. Whether or not British industrialists are justified, from the stand-point of strict economic theory, in allowing these forces to weigh with them to the extent where activity is restricted, it is necessary to reckon with the fact that the doubts felt over the position of the national finances are having a serious psychological reaction upon trade.

Agriculture and Fishing

England and Wales.—According to an official report autumn-sown crops have benefited from the open weather, except on wet, low-lying land, where the heavy rain has caused some deterioration. Potatoes are keeping well, with little disease. Lambing prospects are good, and cattle and sheep in fair condition, with milk yields maintained.

Scotland.—Tillage has been retarded by the February frosts, but outdoor work is fairly well advanced. A further shrinkage is expected this year in the total acreage under wheat. In the markets all classes of stock have been in short supply, and, with quality good, keen prices have been realised. Grain is a dull trade, barley having fallen by 8s. a quarter in a single fortnight. Potatoes are still almost unsaleable.

West of England.—In Mount's Bay fishing has been bad on account of the continual rough weather, but Plymouth ended the season well. At Brixham landings have been small but good prices have been obtained.

Coal

Although shipments to date reveal an improvement over last year, export demand has weakened appreciably. The experiences of the severe frosts of early 1929 have frightened continental dealers into accumulating heavy stocks, and with the prevalence of mild weather, demand is now severely restricted

Cardiff.—The slackness of the day-to-day market at the opening of the year is as pronounced as ever. Continental

buyers are endeavouring to delay and even cancel purchases owing to the heavy stocks on hand. There is a little more enquiry ahead. The French Marine are asking for 66,000 tons of large coal for delivery by July, but it is expected that the bulk will be placed for French coal. The French railways are reported to be enquiring for about 180,000 tons over three to six months, while the Uruguayan railways are in the market for 120,000 tons of two-thirds large and one-third small.

Swansea.—The past month has not been very satisfactory, and there is irregular working at some of the collieries.

Newport.—Foreign coal shipments for the first six weeks of this year averaged 94,600 tons per week against 70,000 tons in the corresponding period of last year. The total shipments, coasting and foreign, averaged 112,500 tons per week, against 95,000 tons in the same period of last year.

Newcastle-on-Tyne.—The market is quiet in every direction and most collieries are anxiously looking for employment.

Hull.—There has been a very considerable diminution in the volume of export business. Prices are weaker.

Sheffield.—The position is weak. Uncertainty is detracting from the demand both of coal and coke, and as stocks have accumulated to a fairly considerable extent, values have declined.

Glasgow.—Lanarkshire prime splint is moving away easily, as producers have some good orders on hand for the Italian and the Plate markets. There is also a good demand for navigation qualities and washed pearls, but otherwise demand on both home and foreign account is limited.

Iron and Steel

The general situation is less satisfactory than last year, but one encouraging sign is a fall in coke prices.

Birmingham.—Conditions in the finished iron trade are variable, with perhaps the best sales in the better grade bars. There is a fair demand for railway material. The steel trade shows little sign of improvement.

Walsall.—Tube makers are fairly busy, but the malleable iron trade is passing through its quiet period.

Sheffield.—Best quality tool steel and special steels are in better demand, and the requirements for the electrical industry continue fairly good. The production of large hollow forged

drums for high pressure boilers constitutes quite a bright spot in a depressed industry. The steel scrap market is stagnant.

Glasgow.—Demand is mainly of a hand-to-mouth character, and a considerable proportion of the plant in the district is either out of commission or irregularly employed. Nevertheless, steel-makers are inclined to take a more cheerful view of the outlook, owing to the intimation of an advance of 2s. 6d. to 4s. per ton in prices by the international steel cartel. The renewal of the international tube cartel, of which British makers are members, has not benefited local producers very much so far, and export orders would be specially welcome. There is little demand for other products, such as bar iron and sheets. There is no change in prices of pig iron, demand for which is quiet and readily satisfied by producers.

Swansea.—Imports of steel remain heavy, and the galvanized sheet trade depressed. Tin plate prices are unaltered, and demand quiet.

Engineering

The motor trade is affected by the uncertainty regarding the McKenna duties. General engineering is quiet with the notable exception of Luton, but electrical engineering is fairly active, especially upon export orders and home orders in respect of the National scheme. There is a good demand for locomotives and rolling stock.

Birmingham.—Reports from the heavy engineering section are not good, but better news is forthcoming from the electrical engineering section. Manufacturers of motor cars and accessories are not so busy as was expected at this period of the year. Further good orders for rolling stock have been received recently, and works are well occupied.

Coventry.—The motor trade is definitely quieter, and manufacturers have been compelled to reduce employment. Whilst this is no doubt mainly a reflection of the bad trade prevailing generally throughout the country, many regard the uncertainty concerning the McKenna duties as a contributing factor. Manufacturers, however, are not dismayed, and are bringing out some attractive new models of cars.

Sheffield.—Most firms are working at below capacity.

Leeds.—No orders of any bulk have been received by the larger firms, but the smaller firms are still fairly well employed.

Manchester.—The heavy engineering trade continues to receive a fair share of orders, but textile machinists remain quiet.

Luton.—Hydraulic engineering and general engineering trade and foundries are very busy with orders in hand at fair prices. Lorry manufacturers seem busy with a fair amount of orders in hand. Motor-car manufacturers say that a great deal of apprehension is felt with regard to the Budget and possible repeal of the McKenna duties, and that this is affecting business.

Metal Trades

Sheffield.—Apart from the scissor section, which is well employed, cutlery is bad and unemployment prevalent.

Birmingham.—Manufacturers of finished brass and copper goods on the whole are quiet.

Swansea.—The heavy fall in the price of zinc is increasing the difficulties of spelter producers, and the outlook for this industry is most unsatisfactory.

West of England.—South Crofty announces that, in accordance with an agreement with the Tin Producers' Association, restriction of output has taken place during January and will proceed throughout February at least.

Cotton

The world-wide depression of the industry, and the downward trend of prices has so far rendered any marked improvement out of the question.

Liverpool.—The enquiry for the raw material continues very unsatisfactory, and the slackness has extended to those "outside" varieties which have hitherto been in considerable demand. As a consequence, the daily spot sales on this market have dwindled to figures lower than previously recorded during the current season, while import buying has been very small. Thus the present outlook is one of almost unrelieved depression. The unsatisfactory state of the industry, however, is practically world-wide, and the fact that over-production and unemployment are not confined to Lancashire only makes the home position still more difficult owing to forced selling and undercutting in manufactured goods all round. A general appreciation of these unfavourable trade conditions, coupled with the failure of the U.S. Federal Farm Board to take any effective action

towards supporting prices, precipitated heavy selling at the beginning of February. The liquidation began in the American markets, but soon spread to our own as well as continental markets, with the result that almost continuous declines have occurred throughout the period, and quotations show a fall of nearly 1d. per lb. The lower levels reached, however, have so far failed to stimulate any interest on the part of local spinners, and there is a tendency for prospective buyers to hold aloof pending further developments, particularly in regard to the projected restriction of acreage this season in the U.S. cotton belt. The only hope of improved conditions appears to lie in still lower prices with a view to inducing increased consumption and reduced acreage.

Manchester.—American cotton prices have been taking a somewhat erratic course, and, consequently, business is somewhat slower, in spite of the fact that the raw material is still at a lower figure than has obtained for some time. Neither American nor Egyptian spinners are selling their full output.

Manufacturers have found business patchy. The rate of exchange is against any great improvement as regards China, but a small miscellaneous business continues to go through for India. There is a little improvement in the home trade.

Wool

The main question of interest is whether prices have reached their lowest after their disastrous fall last year. Current indications are on the whole encouraging, but it is still early to be certain as regards the British industry. Roubaix news is perhaps a little more hopeful.

Bradford.—The Australian decision to spread the wool sales over until August at prices not lower than those ruling at the January sales has brought out a certain amount of business in this market, but not much more than that required to cover immediate needs. This demand caused prices to harden during the London sales by about 5 per cent, but an attitude of caution is still being maintained.

Huddersfield.—The American market in woollen goods is at present under a cloud, and manufacturers of low-class cloths are finding trade extremely difficult. Conditions in the worsted section are not good, and some short time is being worked.

Edinburgh.—The Border tweed trade has not been helped by the reduction in the price of wool, and merchants are still hanging back. Spinners and dyers are only moderately busy.

Other Textiles

Kidderminster.—The carpet trade of Kidderminster is very brisk in Axminster, both in spool and chenille qualities, and some manufacturers are working overtime to cope with orders for spring deliveries.

Wolverhampton.—The outlook in the artificial silk industry is not bright, and the hours of the workers have recently been shortened.

Edinburgh.—The Fifeshire linen trade looks full of promise but business is slow in coming forward.

Dundee.—Jute prices are at a reasonable level, but buyers cannot be attracted because of the heavy stocks in all centres.

Belfast.—Irish flax supplies have been plentiful during the past month with a tendency towards lower price levels. The large sales of the Soviet Government at low prices have had a generally depressing effect in all markets.

Clothing

Leicester.—Conditions in the hosiery industry are quiet. The silk hose section is in rather an unsettled condition, owing to the uncertainty as to whether the silk duties will be continued. The Australian tariffs have had a very detrimental effect upon the sale of the lower qualities of Cashmere stockings.

Leeds.—Better class manufacturers are fully employed, but no large orders are being received and customers seem to be buying only to meet immediate requirements.

Leather and Boots

Although still uneven, the boot industry is at last showing signs of recovery.

Northampton.—Business in leather can be described as difficult, and the increasing use of substitutes for sole leather tends to accentuate the depression. Prices have recently fallen.

Business in the boot and shoe trades, though a little better, is "patchy." The trade of Northampton is being severely

affected by the persistent demand for a very cheap boot, but some of the larger factories are now working at full pressure.

Leicester.—The boot and shoe trade is quiet, and manufacturers are not working up to more than three-quarters of their possible output.

Chemicals

The January export figures for heavy chemicals were good in comparison with those for 1929, but owing to a decline in sales abroad of drugs, medicines, dyes and painters' colours, the January export returns for every branch of the industry were £57,000 below those for January of last year.

Foodstuffs

Liverpool.—The tone in the grain trade throughout has been weak owing to the acutely competitive offers of Canadian and Argentine shippers, while a further depressing influence has been the arrival of several Russian and French cargoes. On an almost complete absence of European demand, Canadian shippers have at last shown increased signs of lowering their prices, but there is still a margin of some 6s. or 7s. per quarter between hard Northern Manitoba and good Plate wheat, and millers show little disposition to pay this difference.

The Liverpool market for bacon and hams continued steady, but supplies were small. In the lard market a steady consumptive demand was evident, without much change in price. In the canned goods section, meats were in very good demand, with prices advancing, while fruits showed an improving demand at easier prices.

Shipping

Freights have fallen to extremely low levels, and most ports state that numbers of vessels are lying idle. In some cases even new ships are having to be laid-up.

Newport.—Freight rates in all directions have fallen to a lower level than has existed for some years past.

Liverpool.—Tonnage continues to be in excessive supply.

Cardiff.—The freight market is in a bad state and, for the near trades and the Mediterranean, freights are almost showing pre-war levels. At present there is little sign of improvement.

Edinburgh.—There is very little new business for export available, and the number of vessels on loading turn at the Forth ports in mid-February was just over twenty.

Newcastle-on-Tyne.—The freight market is quiet, and tonnage very plentiful. Rates have fallen below anything anticipated even by merchants themselves. The berths in the Tyne are reported to be all occupied by idle tonnage, and therefore no immediate improvement can be expected.

Hull.—Owing to the greatly decreased shipments, the chartering market is extremely quiet, and rates are very low.

Other Industries

Oil seeds.—There has virtually been no improvement. The feeding trade remains most disappointing both as regards home consumption and export business. The latter becomes worse almost daily on account of keen competition from Germany, not only in outside markets, but also on the English market at very low prices.

Timber.—There is little change in the position, demand being only moderate. Stocks are in most sizes considerably too heavy. The forward market is quiet. Some more buying of Russian goods has taken place, but the larger buyers are not operating pending developments.

Pottery.—Conditions remain dull.

Dominion Reports

Australia

From the National Bank of Australasia Limited

Conditions in most trading sections are little changed. The best rains for the past five years have fallen in Queensland, New South Wales, and parts of South Australia, improving pastoral prospects. The wheat yield amounts to 120,000,000 bushels. Butter output is increasing in the Northern States but declining in Victoria.

Canada

From the Imperial Bank of Canada

Mainly as a result of the policy of the wheat pools in restricting shipments, exports for the last three months of 1929 were only \$318,850,000, compared with \$439,675,000 in the corresponding quarter of 1928. The delayed marketing of a large portion of the country's wheat has also had its effect on transport undertakings and general business.

The output of steel ingots and castings during December was the lowest for any month of the year, but the total steel production for 1929 at 1,380,000 tons surpassed by 11 per cent the previous record of 1928. Production of pig-iron in Canada during 1929 reached a new high level of 1,090,000 tons.

Efforts to raise the price of newsprint from \$55 to \$60 a ton having failed, the situation in the pulp and paper industries remains unsatisfactory, with little prospect for early improvement.

India

Recent weather conditions are described as "seasonable." Recent rains have effected an improvement in the outlook in the Punjab, and unirrigated crops, which previously had been described as being "below average," are now stated to be "average." Prospects in other provinces are fairly good.

The "final" cotton crop forecast for 1929-30 is one of 25,121,000 acres under cultivation, and an estimated yield of 5,533,000 bales. These figures compare with 25,874,000 acres and 5,204,000 bales for 1928-29. Demand for raw cotton and also for piece-goods is poor.

Irish Free State

Dublin.—While there is no apparent falling off in the supply of cattle on offer the quality is hardly so well maintained as usual. Though prices are fairly constant, the outlook is not considered good, with the exception of the pig trade which continues brisk with rising prices.

Following the recent fall in the bank rate the Minister for Finance announced the intention of the Government to issue the remaining £8,000,000 of the Free State Second National Loan not later than the autumn of this year.

Foreign Reports

France

The foreign trade figures for the year 1929 show that whereas the value of imports is about 9 per cent greater than in 1928, that of exports is about 2½ per cent less. The total value of imports exceeded that of exports by more than 8,212 million francs; the corresponding adverse trade balance in 1928 was approximately 2,061 million francs. Exports to Britain amounted to 7,566 million francs as compared with 8,165 million francs in 1928; imports therefrom were 5,829 million francs against 5,477 million francs in 1928. Coal imports from Britain in 1929 amounted to 13,216,000 tons or to more than 16 per cent of the country's total consumption. In spite of the recent reductions in the Bank of France advance and discount rates from 5½ per cent to 4½ per cent and 3½ per cent to 3 per cent respectively, stock exchange prices have been weak and the general tendency very dull. Business has been very restricted, the public taking little interest in industrial shares in view of the small yield obtainable. Fixed interest bonds, of which there have been many issues during the last few months, have been steadily absorbed.

Bordeaux.—Business in wine is very quiet.

The rosin market remains very weak, with few transactions and a tendency for lower prices.

Le Havre.—The cotton market has registered a steady decline since our last report.

An advance in coffee prices during the last week in January was probably due to some extent to immediate trade necessities.

Lille.—The only conspicuous feature in the textile market of late has been the marked fall in the price of cotton, which has come down to an exceptionally low figure. In spite of this, cotton spinners are not inclined to buy except for their day-to-day requirements. Orders for yarn are very scarce, and some mills have reduced their working hours.

The flax situation is improving gradually. Spinners and weavers have important contracts in hand and the future appears more promising.

Roubaix.—There has been a slight rally in wool prices and more interest has been shown by spinners and manufacturers.

Business which was at a standstill a month ago is now reviving, but prices are not very much better. The combing section is not as well employed as it usually is at this time of the year. In the spinning branch the mills are fairly well employed, but new orders are difficult to get especially for export. The hosiery section has been adversely affected by the mild weather.

Marseilles.—Olive oil prices are still very low, although a certain amount of business has been recorded. The finer quality oils have been in good demand owing to a marked falling off in the quality of the cheaper grades.

There has been a little more activity in the Copra market. Soap manufacturers who had held aloof as long as possible have been obliged to cover their requirements to enable them to meet their January contracts.

Belgium

Demand for pig iron is satisfactory, semi-finished and finished steel products business has improved, and prices are very firm. In the nail and wire branch of the industry conditions are not so satisfactory. The demand from the export market is poor and several firms are only working part time.

The demand for the industrial coal does not improve, this being due to strong competition from abroad, together with a decrease in demand from the heavy industries.

Antwerp.—Trade is quiet, and there is no improvement in the shipping industry.

At the first quarterly sale of ivory held at the end of January 58 tons were offered, but only 31 tons sold. There was little competition, and all except the best qualities fetched reduced prices, ordinary qualities ranging between £5 and £6 cheaper per cwt. for big tusks and £4 and £5 cheaper for bangles. The next sale will be held 7th May.

The recent fall in coffee prices has brought out a certain amount of business, and stocks are not excessive.

Germany

From the Bank of British West Africa, Limited

Industrial reports still indicate unsatisfactory conditions, and the unemployed total is now upwards of 2,250,000.

Agriculture continued to suffer from the further fall in prices of cereals, and from the depression in the dairy produce and live stock markets. The textile industry has been adversely affected by the mild winter and reduced purchasing power of the working population owing to the extent of unemployment, whilst in steel, iron and machinery the dearth of orders for the home market is very noticeable. The ship-building industry can, however, look back upon a year of marked progress, the gross register tonnage of 117 new vessels delivered from the yards in 1929 having been 358,000 against 294,000 the previous year.

Holland

The diamond industry is showing some slight improvement, which may be a small indication that confidence in the future is somewhat stronger. Cotton and woollen mills are fairly well provided with orders, although, as far as cotton is concerned, the competition from Japan in the Dutch East Indies is keenly felt. Unemployment has not greatly increased, which is to some extent due to the fact that the reclamation work of the Zuider Zee has advanced.

Sweden

The iron industry has recently shown a weaker tendency, but the first fruits of the radical change which the Swedish iron industry underwent after the war are now beginning to be seen. Exports of pig iron have declined considerably in comparison with pre-war years, but domestic consumption has shown a rapid development and the export of manufactured products is increasing. The production of malleable iron and steel amounted in 1929 to 504,000 tons as against 412,000 tons in 1928, and exports to 281,000 tons in 1929, as against 268,000 tons in 1928. Home consumption increased by 110,000 tons to about 650,000 tons, which is about double that of 1913. January ore exports made a new record with 541,000 tons as against 399,000 tons in January, 1928. This is encouraging, as a decrease in shipments might have been expected to follow the continental steel cartel's 10 per cent reduction in output made last November.

Norway

During the last fortnight a number of large sales have taken place of Norwegian whale oil for the season 1930-31, at a price

of £25 per ton. Broadly speaking the reports from the Antartic from the beginning of the season up to the middle of this month are satisfactory.

The market for pit props is steady and there has been some improvement in demand for planed wood.

Denmark

Commodity prices and interest rates are lower on the month, while gilt-edged bonds have simultaneously appreciated.

The year's foreign trade returns are as follows :—

	1928. Kr. mn.	1929. Kr. mn.
Imports	1,736	1,792
Total Exports	1,657	1,707
Import Surplus	79	85

Switzerland

Of late there has been a general depression in the textile industry, and it is rumoured that several cotton mills will shortly close down. In the silk weaving and embroidery industries prospects are no brighter, exports having decreased steadily during the last two or three years. The machinery group continues to go ahead, and orders appear to be plentiful. Although the watchmaking industry experienced a set-back at the end of last year, on the possibility of America's raising her import duties, efforts are still being made to export large quantities of goods to that country.

Spain

The country has given proofs of calmness on the passing from dictatorship to constitutionalism. The Government resolved, at the first council held, on an examination into the estimates of all the Ministries, with a view to retrenchment. The obligation imposed on Spanish exporters, to negotiate immediately 80 per cent of the foreign currencies resulting from the sale of their merchandise abroad, has been cancelled.

Morocco

From the Bank of British West Africa, Limited

Business conditions during the past month have been depressed, but the heavy rains which have fallen all over the

country, after prolonged drought, have to some extent restored confidence. The locust invasion remains threatening to the young crops. In the South there is a noticeable shortage of money in the hands of retailers and many are unable to keep their engagements. Stocks are generally large, and as the feast of Ramadan is now in being, little improvement is to be looked for until the end of Ramadan month, when the preparations for feasting always enliven retail trade.

The United States

Recent reports suggest that there is little doubt that the Wall Street break of last autumn is affecting general industrial conditions. Commodity prices underwent a further fall during January and February, and wheat in particular has lately declined sharply. Early in February the steel industry was operating at 75 per cent of capacity, which represented an improvement upon the position at the end of last year. A slight gain was also reported in the motor industry, but the industry is still working at far below capacity, and stocks both of new and of used cars are creating a problem. Money rates have fallen, but it is not proving too easy to obtain credit, whether for farming or building or for general business.

S. America

From the Bank of London & South America Limited

Buenos Aires.—The Budget for 1930 was duly passed by the Senate on the 25th January. The figures of the total exports for 1929 have been published and reveal their value as over £190,000,000, which is 9·6 per cent less than the previous year. Quotations for all cereals have weakened somewhat.

Montevideo.—There has been more movement in wool lately, but not sufficient to indicate an early liquidation of stock in hand.

Valparaiso.—Cable information is to the effect that producers of nitrate have settled their policy for next season, 1930-1931, and all sales will then be centralised in the Nitrate Producers' Association. Exchange continues firm and business quiet.

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts & Advances
1929.	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
Feb. 20 ..	*150·5*	*351·8*	*95·0*	*50·0*	*65·7*	*46·3*	*12·1*
1930.							
Jan. 29 ..	150·1	348·0	62·4	52·8	67·5	54·3	5·5
Feb. 5 ..	150·8	348·7	62·5	54·8	54·3	49·9	5·6
" 12 ..	150·9	348·0	63·5	56·4	59·1	44·7	8·0
" 19 ..	151·0	345·6	66·1	61·4	59·2	38·6	4·7

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
1929.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
January	*1,846·4*	*232·4*	*256·3*	*149·8*	*276·5*	*264·8*	*971·6*
August	1,796·3	186·2	240·9	145·1	227·4	256·6	997·4
September ..	1,791·8	188·7	243·6	150·3	224·1	256·2	988·3
October	1,802·5	203·2	248·3	149·8	229·3	255·0	990·0
November ..	1,789·0	215·2	244·0	144·3	233·2	249·2	989·6
December ..	1,810·7	169·6	266·9	143·2	229·0	250·2	989·1
1930.							
January	1,805·0	164·4	248·3	144·2	245·2	247·9	985·4

*Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK. RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio. 1929	Ratio. 1930
			%	%
1902	58·2	January	46·8	45·1
1907	51·5	February	45·9	
1914	49·9	March	45·2	
1919	60·7	April	44·9	
1920	56·7	May	44·1	
1921	50·7	June	44·5	
1924	51·0	July	45·4	
1925	49·6	August	45·3	
1926	48·6	September	45·3	
1927	47·4	October	45·6	
1928	46·4	November	44·7	
1929	45·2	December	45·3	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London.*			New York.		
	Bank Rate.	3 Months' discount Rate.	Day-to-day Loans.	Re-discount Rate.	90 Days' eligible Bank acceptances.	Call Money.
1929.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Feb. 20 ..	*5½*	*5¼—5/16*	*4½—5*	*5*	*5⅜*	*6½*
1930.						
Jan. 29 ..	5	3 15/16	2½—4	4½	4⅛	4½
Feb. 5 ..	5	3 15/16	4—5	4½	4	4½
„ 12 ..	4½	3 15/16	3½—4¾	4	—	4
„ 19 ..	4½	3⅞	3—3½	4	3⅞	4½

Bankers' deposit rate ; two points below bank rate.

2. FOREIGN EXCHANGES

London on	Par.	1929. Feb. 20.	1930.			
			Jan. 29.	Feb. 5.	Feb. 12.	Feb. 19.
New York ..	$4·866	4·85¾	4·86½	4.86 13/32	4·86 5/32	4·85 11/16
Montreal ..	$4·866	4·87¾	4·91½	4·91	4·90⅛	4·88⅜
Paris	Fr. 12·421	124·25	123·90	124·02	124·14	124·27½
Berlin	Mk. 2·043	20·44	20·38⅛	20·36½	20·36⅞	20·36¾
Amsterdam ..	Fl. 12·11	12·11½	12·11	12·12⅛	12·12¾	12·11¾
Brussels ..	Bel. 35	34·94½	34·93⅝	34·91	34·88¾	34·89¾
Milan	Li. 92·46	92·65	92·98	92·91	92·91	92·86
Berne	Fr. 25·22½	25·23¼	25·19¾	25·19⅜	25·20	25·19¼
Stockholm ..	Kr. 18·16	18·15⅞	18·12¼	18·12¼	18·13¼	18·12
Madrid ..	Ptas. 25·22½	31·34	36·67½	36·92½	37·50¼	38·82½
Vienna	Sch. 34·58½	34·52½	34·56	34·55½	34·52½	34·50½
Prague	Kr.164·25	163⅝	164⅜	164⅜	164¼	164⅜
Buenos Aires ..	47·62d.	47 5/16	44½	43⅜	43	42½
Rio de Janeiro ..	16d.	5⅞	5⅝	5 39/64	5½	5 17/32
Valparaiso ..	Pes. 40.	39·53	39·79	39·78	39·79	39·79
Bombay ..	18d.	18	17⅞	17 59/64	17 59/64	17 59/64
Hong Kong ..	—d.	23⅞	19⅞	19⅜	19	18⅞
Shanghai ..	—d.	30⅝	24½	23⅝	24	23⅞

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To Feb. 15, 1930.	To Feb. 16, 1929.	Expenditure.	To Feb. 15, 1930.	To Feb. 16, 1929.
	£ mn.	£ mn.		£ mn.	£ mn.
Income Tax ..	162·0	159·8	Nat. Debt. Service ..	300·7	300·1
Super Tax	33·5	35·5	Local Taxation a/c payments	8·2	10·0
Estate Duties ..	69·3	69·1	Northern Ireland payments	4·2	3·9
Stamps	19·8	24·5	Other Cons. Fund Services	2·9	2·2
Customs	104·6	104·0	Supply Services	318·3	293·7
Excise	111·3	118·4	Ordinary Expenditure ..	634·3	609·8
Tax Revenue ..	501·2	510·5	Sinking Fund	40·6	48·2
Non-Tax Revenue ..	76·5	89·3	Self balancing Expenditure ..	70·7	68·4
Ordinary Revenue ..	577·7	599·8			
Self balancing Revenue ..	70·7	68·4			

Trade

1. PRODUCTION

Date.	Coal.*	Pig-iron.	Steel.
1929.	Tons mn.	Tons thou.	Tons thou.
January	*5·0*	*564*	*765*
August	4·7	682	753
September	5·1	665	848
October	5·2	689	889
November	5·3	631	815
December	5·0	643	661
1930.			
January	5·3	650	771

* Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1929.	£ mn.	£ mn.	£ mn.	£ mn.
January	*49·6*	*39·1*	*26·8*	*116·5*
August	45·7	24·7	29·5	101·0
September	45·1	24·2	28·4	98·4
October	51·2	27·3	30·2	110·3
November	48·5	30·0	28·2	108·2
December	46·8	31·2	27·8	106·6
1930.				
January	42·9	30·1	28·0	101·9

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1929.	£ mn.	£ mn.	£ mn.	£ mn.
January	*4·2*	*6·6*	*53·8*	*66·9*
August	4·5	6·0	50·8	63·0
September	4·8	6·5	42·2	55·1
October	5·4	7·1	50·3	64·6
November	5·7	6·9	48·6	63·1
December	4·9	6·2	44·6	58·4
1930.				
January	4·6	6·9	44·7	58·3

4. UNEMPLOYMENT

Date.	1925.	1926.	1927.	1928.	1929.	1930.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End of—						
January ..	11·5	11·0	12·0	10·7	12·2	12·6
February ..	11·3	10·4	10·9	10·4	12·2	
March ..	11·1	9·8	9·8	9·5	10·1	
April ..	10·9	9·1	9·4	9·5	9·9	
May ..	10·9	14·3	8·7	9·8	9·9	
June ..	11·9	14·6	8·8	10·7	9·8	
July ..	11·2	14·4	9·2	11·6	9·9	
August ..	12·1	14·0	9·3	11·6	10·1	
September ..	12·0	13·7	9·3	11·4	10·0	
October ..	11·4	13·6	9·5	11·8	10·4	
November ..	11·0	13·5	9·9	12·1	11·0	
December ..	10·4	11·9	9·8	11·2	11·1	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (1928–9 average = 100).				
	U.K.	U.S.A.	France.	Italy.	German[y]
1929.					
January	*100·4*	*100·4*	*102·5*	*101·9*	*100·3*
August	98·9	100·0	96·8	97·1	99·7
September	98·8	98·6	97·1	96·8	99·7
October	97·7	97·0	95·8	95·4	99·1
November	96·3	95·2	94·8	95·2	97·8
December	95·4	95·6	94·3	94·1	97·0
1930.					
January	93·6	96·1	92·1	92·9	95·4
January, 4th week.. ..	93·5	96·5	91·3	92·6	95·0
" 5th "	93·3	96·1	—	92·3	94·5
February, 1st "	92·7	96·2	—	91·7	93·8
" 2nd "	92·6	95·9	—	91·2	93·6
" 3rd "	91·8	95·0	—	91·1	93·1

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistiq[ue] Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reic[h]samt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included
1929.						
January ..	*56*	*52*	*120*	*70—75*	*80*	*65*
August ..	54	53	115—120	70	80	64
September ..	56	53	115	70—75	80	65
October ..	59	52	115	75	80	67
November ..	59	52	115	75	80	67
December ..	57	52	115	75	80	66
1930						
January ..	54	52	115	75	80	64

The figures represent the percentage increase above July, 1914, which is equal to 1,0[0]

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.	Cotton, American Middling.	Wool, 64's tops avge.	Pig Iron, Cleveland No. 3.	Tin, Standard Cash.	Rubber, Plantati[on] Sheet.
1929.	Per qr. s. d.	Per lb. d.	Per lb. d.	Per ton. s. d.	Per ton. £	Per lb. d.
January ..	*51 6*	*10·55*	*47*	*66 0*	*223¾*	*9⅝*
August ..	62 0	10·37	36¾	72 6	209⅞	10⅛
September ..	59 9	10·42	34	72 6	204¼	10⅛
October ..	55 11	10·16	31½	72 6	190⅞	9⅜
November ..	53 1	9·63	34½	72 6	180¾	9⅛
December ..	54 10	9·43	31½	72 6	179½	7⅞
1930.						
January ..	53 4	9·36	29½	72 6	175½	7⅛